

In re Hudson Healthcare Inc  
 Debtor

Case No. 11-33014(DHS)

Reporting Period 10/1 -10/31/2011

**MONTHLY OPERATING REPORT**

File with Court and submit to United States Trustee within 20 days after end of month

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1	Yes	
Bank Reconciliation (or copies of debtor's bank reconciliation's)	MOR-1 (CONT)	Yes	
Copies of bank statements		Yes	
Cash disbursements journals		Yes	
Statement of Operations	MOR-2	Yes	
Balance Sheet	MOR-3	Yes	
Status of Postpetition Taxes	MOR-4	Yes	
Copies of IRS Form 6123 or payment receipt		Yes	
Copies of tax returns filed during reporting period		Yes	
Summary of Unpaid Postpetition Debts	MOR-4	Yes	
Listing of aged accounts payable		Yes	
Accounts Receivable reconciliation and Aging	MOR-5		
Debtor Questionnaire	MOR-5	Yes	

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the documents attached are true and correct to the best of my knowledge and belief.

\_\_\_\_\_  
 Signature of Debtor

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Signature of Joint Debtor

\_\_\_\_\_  
 Date

/s/ Vincent Riccitelli  
 Signature Authorized Individual\*

12/12/2011  
 Date

Vincent Riccitelli  
 Printed Name of Authorized Individual

CEO  
 Title of Authorized Individual

\*Authorized individual must be an officer, director or shareholder if debtor is a corporation; is a partnership; a manager of member if debtor is a limited liability company.

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**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**

Amounts reported should be per the debtor's books, not the bank statement. The beginning cash should be ending cash from the prior month or if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. The amounts reported in the "PROJECTED" columns should be taken from the SMALL BUSINESS INITIAL REPORT (FORM R-1). Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on the page. A bank reconciliation must be attached for each account. [See MOR-1 (CONT)]

	BANK ACCOUNTS						CURRENT MONTH		CUMULATIVE FILING TO DATE	
	Operating	Payroll	Foundation Bank	Foundation Capital Once (Checking)	Foundation Capital Once (Savings)	FALPH (Commerce)	ACTUAL	PROJECTED	ACTUAL	PROJECTED
<b>CASH BEGINNING OF MONTH *</b>	(24,889)		44,303	55,977	79,366	38,109	192,867		192,867	
<b>RECEIPTS:</b>										
CASH SALES							-		-	
ACCOUNTS RECEIVABLE							-		-	
LOANS AND ADVANCES							-		-	
SALES OF ASSETS							-		-	
INTEREST INCOME	80		3	-			83		401	
OTHER (ATTACH LIST)	8,526,667		-	3,719	-	64	8,530,450		29,943,089	-
TRANSFERS FROM FOUNDATION	61,734						61,734		61,734	-
<b>TOTAL RECEIPTS (See Attached)</b>	<b>8,588,481</b>		<b>3</b>	<b>3,719</b>		<b>64</b>	<b>8,592,268</b>		<b>30,005,224</b>	
<b>DISBURSEMENTS:</b>										
NET PAYROLL		3,614,170					3,614,170		12,209,187	-
PAYROLL TAXES	2,074,612						2,074,612		5,038,986	-
SALES, USE & OTHER TAXES	1,732						1,732		50,681	-
INVENTORY PURCHASES	636,934						636,934		2,901,620	-
SECURED RENTAL LEASES	178,764						178,764		640,645	-
INSURANCE	51,860						51,860		829,756	-
ADMINISTRATIVE	61,532						61,532		254,642	-
SELLING							-		-	-
OTHER (ATTACH LIST) #1	1,928,282		1,032	257			1,929,571		7,458,502	-
SECURED DEBT PAYMENTS							-		-	-
TRANSFERS TO FOUNDATION			40,000	21,734			61,734		61,734	-
TRANSFERS (TO PR BANK ACCT)	3,494,167	(3,614,170)					(120,003)		(120,003)	-
PROFESSIONAL FEES	-						-		-	-
US TRUSTEE QUARTERLY FEES							-		-	-
COURT COSTS							-		-	-
<b>TOTAL DISBURSEMENTS (See Attached)</b>	<b>8,427,884</b>		<b>41,032</b>	<b>21,992</b>			<b>8,490,907</b>		<b>29,325,750</b>	
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	160,598	-	(41,029)	(18,272)	-	64	101,361	-	679,475	-
<b>CASH END OF MONTH</b>	<b>135,709</b>		<b>3,275</b>	<b>37,704</b>	<b>79,366</b>	<b>38,173</b>	<b>294,227</b>		<b>872,341</b>	

**THE FOLLOWING SECTION MUST BE COMPLETED**

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE'S QUARTERLY FEES (FROM CURRENT MONTHS ACTUAL COLUMN)	\$ 8,490,907
TOTAL DISBURSEMENTS	61,734
LESS TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	\$ 8,429,173
<b>Total disbursements for calculating u.s. trustee quarterly fees</b>	

#1 MOR Form 1 Schedule A includes all disbursements and includes a column for "other" for \$2,708,880

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**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - continuation sheet**

BREAKDOWN OF "OTHER CATEGORY"	CURRENT MONTH ACTUAL	CUMULATIVE FILING TO DATE
<b>OTHER RECEIPTS</b>		
1 Transfer from Authority	8,526,667	29,926,667
2 Unrestricted Donation Foundation	-	2,300
3 Child Birth Education Class Income	3,719	12,673
4 FAITH Interest & Misc. Deposit	64	343
5 Return of Direct Deposit		1,106
6		
Total Other Receipts	8,530,450	29,943,089
<b>OTHER DISBURSEMENTS</b>		
1 Please see file FORM MOR-1 Schedule for Disbursement A - see "other"	1,928,282	7,448,846
2 Foundation Misc. Event exps	1,032	8,645
3 Foundation Capital One bank fees & Misc event exps.	257	1,010
Total Other Disbursements	1,929,571	7,458,501

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**BANK RECONCILIATIONS - SEE ATTACHED**

Continuation Sheet for MOR-1

A bank reconciliation must be included for each bank account. The debtor's bank reconciliation may be substituted for this page.

See Form MOR-1 Bank Rec\_Cash Disbrsmnt  
See Mor 1 Bnk Stmtns

**Bank Reconciliations Attached**

	Operating		Payroll		Other Foundation TD Bank		Other Foundation Capital One (Checking)	
<b>BALANCE PER BOOKS</b>								
BANK BALANCE								
(+) DEPOSITS IN TRANSIT (ATTACH LIST)	-				-		-	
(-) OUTSTANDING CHECKS (ATTACH LIST)					-		-	
OTHER (ATTACHED EXPLANATION)								
ADJUSTED BANK BALANCE *								
* Adjusted bank balance must equal balance per books								
<b>DEPOSITS IN TRANSIT</b>	Date	Amount	Date	Amount	Date	Amount	Date	Amount
<b>CHECKS OUTSTANDING</b>	Ck. #	Amount	Ck. #	Amount	Ck. #	Amount	Ck. #	Amount

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Case No.  
Reporting Period:

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**STATEMENT OF OPERATIONS**  
(Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when case is actually received or paid.

REVENUES	Month	CUMULATIVE FILING TO DATE
Gross Revenue	\$ 10,221,920	\$ 32,148,759
Less: Returns and Allowances		\$ -
Net Revenue	\$ 10,221,920	\$ 32,148,759
<b>COST OF GOODS SOLD</b>		
Beginning Inventory		\$ -
Add: Purchases		\$ -
Add: Cost of Labor		\$ -
Add: Other Costs ( <i>attach schedule</i> )	\$ -	\$ -
Less: Ending Inventory		\$ -
Cost of Goods Sold	\$ -	\$ -
Gross Profit	\$ 10,221,920	\$ 32,148,759
<b>OPERATING EXPENSES</b>		
Advertising	-	\$ 17,868
Auto and Truck Expense		\$ -
Bad Debts		\$ -
Contributions		\$ -
Employee Benefits Program	1,062,759	\$ 2,633,796
Insider Compensation*		\$ -
Insurance	119,663	\$ 380,815
Management Fees/Bonuses		\$ -
Office Expense	17,837	\$ 49,098
Pension & Profit-Sharing Plans	\$ 180,312	\$ 581,238
Repairs and Maintenance	\$ 187,305	\$ 509,060
Rent and Lease Expense	\$ 290,919	\$ 921,671
Salaries/Commissions/Fees	\$ 4,466,235	\$ 14,736,659
Supplies	\$ 1,178,883	\$ 3,541,008
Taxes - Payroll	\$ 394,555	\$ 1,214,273
Taxes - Real Estate		\$ -
Taxes - Other		\$ -
Travel and Entertainment	\$ 2,457	\$ 4,309
Utilities	\$ 182,022	\$ 631,160
Other ( <i>attach schedule</i> ) SEE	\$ 1,888,048	\$ 5,847,663
Total Operating Expenses Before Depreciation	\$ 9,970,995	\$ 31,068,618
Depreciation/Depletion/Amortization		\$ -
Net Profit (Loss) Before Other Income & Expense	\$ 250,925	\$ 1,080,141
<b>OTHER INCOME AND EXPENSES</b>		
Other Income ( <i>attach schedule</i> )	\$ 80	\$ 2,452
Interest Expense		\$ -
Other Expenses ( <i>attach schedule</i> )	\$ 5,519	\$ 20,466
Net Profit (Loss) Before Reorganization Items	\$ 245,486	\$ 1,062,127
<b>REORGANIZATION ITEMS</b>		
Professional Fees	\$ 250,926	\$ 1,083,942
U.S. Trustee Quarterly Fees		\$ -
Interest Earned on Accumulated Cash from Chapter 11 ( <i>see continuation sheet</i> )		\$ -
Gain (Loss) from Sale of Equipment		\$ -
Other Reorganization Expenses ( <i>attach schedule</i> )	\$ -	\$ -
Total Reorganization Expenses	\$ 250,926	\$ 1,083,942
Income Taxes		
Net Profits (Loss)	\$ (5,440)	\$ (21,815)

\*"Insider" is defined in 11 U.S.C. Section 101(31).

**STATEMENT OF OPERATIONS - continuation sheet**  
 (Income Statement)

BREAKDOWN OF "OTHER CATEGORY"	CURRENT MONTH ACTUAL	CUMULATIVE FILING TO DATE
<b>OTHER COSTS</b>		
		0
		0
Total Other Costs	0	0
<b>OTHER OPERATING EXPENSES</b>		
See Attached Schedule B- Schedule B includes all expenses- see column "other"	1,888,048	5,847,663
Total Other Operating Expenses	1,888,048	5,847,663
<b>OTHER INCOME</b>		
Interest on Checking Account	80	2,452
Total Other Income	80	2,452
<b>OTHER EXPENSES</b>		
Foundation Expenses	5,519	20,466
Total Other Expenses	5,519	20,466
<b>OTHER REORGANIZATION EXPENSES</b>		
Total Reorganization Expenses	0	0

Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:  
 Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

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**BALANCE SHEET**

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from postpetition obligations.

CURRENT ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH (10/31/2011)	BOOK VALUE ON PETITION DATE (8/1/2011)
Unrestricted Cash and Equivalents	\$ 294,228	\$ 1,050,773
Restricted Cash and Cash Equivalents (see continuation Sheet)		
Accounts Receivable (Net)		
Notes Receivable		
Inventories		
Prepaid Expenses		
Professional Retainers		
Other Current Assets (attach schedule)	37,659,618	36,673,360
<b>TOTAL CURRENT ASSETS</b>	<b>37,953,846</b>	<b>37,724,133</b>
<b>PROPERTY AND EQUIPMENT</b>		
Real Property and Improvements		
Machinery and Equipment		
Furniture, Fixtures and Office Equipment		
Leasehold Improvements		
Vehicles	24,000	24,000
Less Accumulated Depreciation		
<b>TOTAL PROPERTY &amp; EQUIPMENT</b>	<b>24,000</b>	<b>24,000</b>
<b>OTHER ASSETS</b>		
Loans to Insiders*		
Other Assets (attach schedule)		
<b>TOTAL OTHER ASSETS</b>		<b>2,882</b>
<b>TOTAL ASSETS</b>	<b>37,977,846</b>	<b>37,751,015</b>

LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH (10/31/2011)	BOOK VALUE ON PETITION DATE (8/1/2011)
<b>LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)</b>		
Accounts Payable - post petition	4,434,831	
Accounts Payable - pre-petition approved by the court	681,926	1,037,077
Taxes Payable (refer to FORM MOR-4)	291,416	
Wages Payable - post-petition	1,855,549	
Wages Payable - pre-petition approved by court**	2,812,495	6,467,832
Notes Payable		
Rent/Leases - Building/Equipment		
Secured Debt/Adequate Protection Payments		
Professional Fees*	1,083,942	41,956
Other Postpetition Liabilities (attach schedule)	314,751	
<b>TOTAL POSTPETITION LIABILITIES</b>	<b>11,474,910</b>	<b>7,546,865</b>
<b>LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)</b>		
Secured Debt		
Wages Payable		
Priority Debt (taxes)		1,112,251
Unsecured Debt (AP)	26,924,759	29,521,454
Amounts Due to Insiders*		
<b>TOTAL PRE-PETITION LIABILITIES</b>	<b>26,924,759</b>	<b>30,633,705</b>
<b>TOTAL LIABILITIES</b>	<b>38,399,670</b>	<b>38,180,570</b>
<b>OWNER EQUITY</b>		
Capital Stock		
Additional Paid-In Capital		
Partners' Capital Account		
Owner's Equity Account		
Retained Earnings - Pre-Petition		
Retained Earnings - Postpetition		
Adjustments to Owner Equity (attach schedule)		
Postpetition Contributions (Distributions) (Draws) (attach schedule)		
<b>NET OWNER EQUITY</b>	<b>(421,823)</b>	<b>(429,554)</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>37,977,847</b>	<b>37,751,015</b>

(0)

\*"Insider" is defined in 11 U.S.C. Section 101(31).

\* Trenk, DiPasquale includes pre-petition amount of \$41,956

\*\* Method for calculating accrued wages changed end of August would

FORM MOR-3  
(9/99)

(1)

In re Hudson Healthcare Inc  
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**BALANCE SHEET - continuation sheet**

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH (10/31/2011)	BOOK VALUE ON PETITION DATE (8/1/2011)
<b>Other Current Assets</b>		
Amount due from Hoboken Municipal Hospital Authority	37,659,618	36,673,360
* Unfunded requisitions- disputed, contingent and unliquidated		
<b>TOTAL OTHER CURRENT ASSETS</b>	<b>37,659,618</b>	<b>36,673,360</b>
<b>Other Assets</b>		
<b>TOTAL OTHER ASSETS</b>	-	-
LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH (10/31/2011)	BOOK VALUE ON PETITION DATE (8/1/2011)
<b>Other Postpetition Liabilities</b>		
Accrued Other Benefit Expense	154,549	
Accrued Audit Expense	7,500	
Self Insurance 2009 Long Term Workers Comp	66,000	
Self Insurance 2010 Long Term Workers Comp	3,713	
Other Transit Payable	(1,730)	
Accrued Pension, 401k, and 403b	84,719	
<b>TOTAL OTHER POSTPETITION LIABILITIES</b>	<b>314,751</b>	-
<b>Adjustments to Owner Equity</b>		
<b>TOTAL ADJUSTMENTS TO OWNER EQUITY</b>	-	-
<b>Postpetition Contributions (Distributions) (Draws)</b>		
<b>TOTAL POSTPETITION CONTRIBUTIONS (DISTRIBUTIONS) (DRAWS)</b>	-	-

Restricted Cash: cash that is restricted for a specific use and not available to fund operations. Typically, restricted cash is segregated into a separate account, such as an escrow account.



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**STATUS OF POSTPETITION TAXES**

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero. Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes. Attach photocopies of any tax returns filed during the reporting period.

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. Or EFT	Ending Tax Liability
<b>Federal</b>						
Withholding	345,753	674,091	1,019,844	10/3,17,31	EFT	-
FICA-Employee	131,511	253,411	384,922		EFT	-
FICA-Employer	177,368	341,398	518,766		EFT	-
Unemployment	-					
Income						
Other:						
<b>Total Federal Taxes</b>	<b>654,632</b>	<b>1,268,900</b>	<b>1,923,532</b>			<b>-</b>
<b>State and Local</b>						
Withholding	77,593	150,550	152,517	10/5, 10/19	EFT	75,626
Sales						
Excise						
Unemployment	107,900	25,145	-			133,046
Real Property	-					
Personal Property						
Other: Disability	69,481	13,262				82,743
<b>Total State Local</b>	<b>254,974</b>	<b>188,957</b>	<b>152,517</b>			<b>291,415</b>
<b>Total Taxes</b>	<b>909,606</b>	<b>1,457,857</b>	<b>2,076,049</b>			<b>291,415</b>

**SUMMARY OF UNPAID POSTPETITION DEBTS**

Attach aged listing of accounts payable.

	Number Days Past Due					Total
	Current	0-30	31-60	61-90	Over-90	
Accounts Payable	2,365,584	1,676,337	299,064	93,846		4,434,831
Accounts Payable - Prepetition approved by the court	378,534	276,803	26,364	225		681,926
Taxes Payable	291,416					291,416
Wages Payable	1,855,549					1,855,549
Accrued Sick Vacation Payable	2,812,495					2,812,495
Rent/Leases-Building						-
Rent/Leases-Equipment						-
Secured Debt/Adequate Protection Payments						-
Professional Fees	1,083,942					1,083,942
Amounts Due to Insiders*						-
Other: 401(K)403(b) Central Pension & Other Benefits	84,719					84,719
Other	230,032					230,032
Other: Customer Deposits						-
<b>Total Postpetition Debts</b>						<b>11,474,910</b>

Explain how and when the Debtor intends to pay any past-due postpetition debts.

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\*"Insider" is defined in 11 U.S.C. Section 101(31).

